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SIPDIS

STATE FOR EUR/CE, INR (KEETON)  
NSC FOR JEFF HOVENIER

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TAGS: GM PGOV PREL

SUBJECT: WESTERWELLE'S SURGE CLINCHES BLACK-YELLOW IN  
GERMANY; MERKEL GAINS SECOND TERM

REF: A. BERLIN 1188  
1B. BERLIN 1186  
1C. BERLIN 1176  
1D. BERLIN 1167  
1E. BERLIN 1162  
1F. BERLIN 1138  
1G. BERLIN 1179

Classified By: AMBASSADOR PHILIP D. MURPHY FOR REASONS 1.4 (B) and (D)

SUMMARY

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11. (C) Chancellor Merkel achieved her goal of a solid parliamentary majority for her Christian Democratic Union (CDU) with its Bavarian sister party, the Christian Social Union (CSU), and the pro-business Free Democratic Party (FDP), but will have to contend with a self-confident FDP that is likely to seek major concessions in terms of policy and personnel. Nonetheless, the CDU/CSU's 33.8 percent showing was its lowest since 1949, while the FDP's 14.6 percent was its strongest in the history of the Federal Republic. The SPD crashed, while the Left Party and Greens were able to score their highest results ever, with the Left Party surpassing the Greens overall and overtaking the SPD in the eastern German states by a wide margin. Merkel hopes that coalition negotiations with the FDP will be "quick and decisive," while FDP Chairman Guido Westerwelle -- widely expected to be the next foreign minister -- has emphasized his intention to press for the party's goals of a fundamental tax reform, more emphasis on education, and stronger protection of civil liberties. Merkel and Westerwelle already met privately election night (September 27) and coalition negotiations should begin soon, most likely with the goal of having a formal agreement with the selection of a cabinet by the time the Bundestag convenes a month from now.  
End Summary.

OVERALL TREND: MAJOR PARTIES IN DECLINE

12. (U) The results show the decline of the major parties -- particularly the SPD -- and the strengthening of a five-party system. Preliminary results give CDU/CSU 33.8 percent (versus 35.2 percent in 2005); the FDP 14.6 percent (9.8); the SPD 23.0 (34.3); the Left Party 11.9 (8.7), and the Greens 10.7 (8.1). The decline in the CDU/CSU percentage is due particularly to the CSU's losses in Bavaria, where the party suffered its worst Bundestag result ever at 42.6 percent, down from 49.2 percent in 2005, but it still won all 45 of its constituencies. These preliminary results give the CDU 24 "surplus mandates" because of the high number of constituency seats it won despite its low 33.8 percent second vote showing (see REFTEL G).

13. (U) The new coalition should end up with control of both

the Bundestag and the Bundesrat (Upper Council). Based on the preliminary official results, the CDU/CSU will have 239 seats in the Bundestag (up from 226), which along with the 93 FDP Bundestag seats (previously 61) would give the new government a solid majority. The SPD will have 146 seats in the Bundestag (down from 222), the Left Party 76 (versus 54) and the Greens 68 (versus 51). The Schleswig Holstein election on September 27 also appears to have given the CDU and FDP a parliamentary majority in that state. With CDU-FDP governments there and in Saxony, where the two parties won a majority on August 30, the new CDU/CSU-FDP coalition will soon have a majority in the Bundesrat and should be able to gain its approval of future coalition legislation.

**¶4.** (C) Chancellor Merkel and her CDU/CSU Union are somewhat disappointed by their party's results, but are publicly emphasizing that the CDU/CSU-SPD Grand Coalition has met its demise and will be replaced by a center-right coalition composed of the CDU/CSU and FDP. "We achieved something fantastic," said Chancellor Merkel, now facing a second four-year term. "We achieved a stable majority in Germany for a new government...We can party tonight, but there is a lot of work waiting for us." An uncharacteristically emotional Merkel -- clearly relieved by her victory -- promised to be the "Chancellor of all Germans" -- old and young, entrepreneurs and workers -- and said the CDU/CSU would be sufficiently dominant in the new coalition to prevail "in questions that affect social balance."

**¶5.** (C) Despite her huge personal popularity, however, Merkel led her CDU/CSU Union to its second poorest result in history, leaving her vulnerable to future backstabbing within

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her party. Merkel -- while happy to be rid of the Grand Coalition with the SPD -- now faces the challenging task of entering a coalition with a party that could prove to be more difficult to manage than the SPD. Merkel will start talks with the FDP within days. It could, however, take up to the end of October for the parties to forge the policy compromises and work out the distribution of cabinet posts necessary to seal a coalition deal.

FDP: THE REAL WINNER

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**¶6.** (C) The FDP will return to government after eleven years in opposition, having achieved its best election results in the party's history. Its leader, FDP Party Chairman Guido Westerwelle, will most likely become Germany's next foreign minister (see REFTEL E). At the FDP election celebration, Westerwelle told his party faithful that "We want to be part of the government. But this means responsibility, and we are ready to take on this responsibility." Westerwelle said his party would work to ensure that Germany gets a "fair tax system and better educational opportunities" and that civil rights would once again be respected. The FDP will be in a very powerful position to demand a larger number of cabinet seats in a new German government. They are likely to expect to get at least the equivalent of what they have had in the past: the foreign office, either justice or perhaps interior (which they led from 1969-82), economics or possibly finance, and at least one other ministry (in the past they have had education and economic cooperation (i.e. development). However, the FDP will find it difficult to negotiate a coalition agreement with the CDU/CSU over the coming weeks, especially in the areas of tax cuts (see REFTEL F) and civil rights, including data privacy (see REFTEL D).

SPD: HARD ROAD AHEAD

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**¶7.** (C) It would be hard to exaggerate the dimension of the SPD defeat. The party fell more than 11 points to its worst result in the post-war period. Its share of the eastern German vote was 19 percent, behind both the CDU and Left

Party, and the FDP came within striking distance of the SPD in some western German states, including Bavaria, where the SPD's 17 percent was just ahead of the FDP's 15 percent. The SPD election-night party was like a funeral, and Steinmeier and SPD party chairman Muentefering appeared grim-faced to announce that Steinmeier would be the Bundestag caucus chairman and thus unofficial leader of the opposition to the new black-yellow government. Muentefering did not, as many expected, announce his resignation but it is likely to come by the time of the next party conference in mid-November.

¶ 8. (C) Exit polls show that the SPD lost more than a million votes to former supporters who simply stayed home and additional voters to the Left Party and Greens, and that the public still blames it for the changes in unemployment insurance and the retirement age enacted during the Schroeder government and as part of the grand coalition. The SPD, with only four minister-presidents and a shrunken parliamentary caucus, will have to decide how to profile itself against its two fellow leftist opposition parties, and the party left is likely to press for coalitions with the Left and Greens at the state level.

#### LEFT OVERTAKES GREENS

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¶ 9. (C) The Left Party -- under Oskar Lafontaine's and Gregor Gysi's leadership -- can also claim electoral victory with their party's best showing ever in a parliamentary election. Having won 11.9 per cent of the total vote and 20 direct mandates -- the largest number ever for one of the smaller parties -- it will be difficult for Germany's other parties, especially the SPD, to ignore The Left's steady rise in popularity in east and west Germany (see REFTEL B). The party successfully stole the SPD's thunder and was partially responsible for the SPD's poorest showing ever in German election history. The Left Party can now concentrate on achieving the ultimate prize in German politics in 2013: a governing coalition with the SPD and the Greens. Berlin SPD Governing Mayor Klaus Wowereit has already said that this year's election must be the last one in which the SPD excludes the possibility of cooperation with the Left, and he and other left-wingers in the SPD will likely fight to bring the two parties closer together.

#### GREENS: HOW TO STAY RELEVANT?

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¶ 10. (C) The Greens may have celebrated their first double digit showing (10.7 per cent) in a parliamentary election, but the party was unsuccessful in preventing a black-yellow coalition or becoming the third strongest party in the Bundestag (see REFTEL A). Party Co-Chairman Cem Oezdemir -- who failed to win his direct mandate and was too low on the party list to win a seat in the Bundestag -- said that the Greens would establish themselves as a "think tank for social issues and for Germany as a whole." The SPD's disastrous electoral result will remind the Greens that they may need to reach out to the CDU if they are to remain a relevant political power. For the foreseeable future, Oezdemir hinted that his party would concentrate on achieving good results at future state elections and plotting their return to power in ¶ 2013.

#### COMMENT

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¶ 11. (C) Chancellor Merkel's main campaign objective -- to attract centrist support by out-positioning the SPD as the best protector of Germany's social welfare state -- was successful, although her CDU/CSU union suffered losses, primarily because of the CSU. She will now have to find a way to balance this promise with FDP demands for greater reforms while dealing with the likely struggles between a

strengthened FDP and a CSU that is concerned about its continued decline. The parties will now enter complex coalition negotiations with pressure to complete them by the time that the new Bundestag convenes in late October, these talks have the potential to be very contentious. Merkel will want to stamp her authority on the coalition agreement, while Westerwelle will be a tough bargaining partner for Merkel as he aims to extract the maximum amount of policy and personnel concessions from the CDU/CSU. Finally, as a weakened SPD moves into the opposition, it can be expected that it will seek to continue the public debate on the major campaign issues and begin to rebuild itself, a process that could include its strong re-positioning to the left.

¶12. (C) What does a CDU/CSU-FDP victory mean for the United States? On a practical level, Germany will have a new foreign minister, most likely Guido Westerwelle, who has enjoyed a difficult relationship with the United States during his time spent in opposition (see REFTEL D).

Westerwelle will face a steep learning curve at the MFA, but we should not expect him to play second fiddle to Chancellor Merkel. The foreign and security policy rivalry between the MFA and Chancellery during the Bush Administration will not disappear. Indeed, they may be enhanced with Westerwelle's attempt to profile and make an international name for himself as quickly as possible, making it difficult for us to identify who is in the lead on any given issue. Chancellor Merkel and Westerwelle will be competing for attention; the latter's flamboyant and outgoing style may give him a leg up but Chancellor Merkel will be keen to assert her primacy in international affairs, especially on economic and EU matters.

She has more government and foreign policy experience that will come in handy in this future duel, and in an age of international summity, the Chancellor rather than the Foreign Minister calls the shots. We should not underestimate her desire to carve out a political legacy for herself, especially in the international arena, and her record of strong cooperation with Washington suggests that her dominance is likely to have a net benefit for US interests.

¶13. (U) This cable was coordinated with Consulates General Duesseldorf, Frankfurt, Hamburg, Leipzig, and Munich.  
Murphy